

HOUSE BILL 1407

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By: **Delegate Conaway**

Introduced and read first time: February 19, 2010

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, March 8, 2010

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 30, 2010

CHAPTER _____

1 AN ACT concerning

2 **Financial Institutions – Mortgage Loan Originators – Prohibited Acts**

3 FOR the purpose of prohibiting a person subject to regulation as a mortgage loan
4 originator from making a payment, threat, or promise to another person for a
5 certain purpose in connection with a residential mortgage loan; prohibiting a
6 person subject to regulation as a mortgage loan originator from making a
7 payment, threat, or promise to an appraiser of a property for a certain purpose
8 with respect to the value of the property, and from engaging in certain acts or
9 practices; providing that certain provisions of this Act do not prohibit a person
10 subject to regulation as a mortgage loan originator from requesting another
11 person to consider certain information, provide certain details, substantiation,
12 or explanation of a certain conclusion, or correct certain errors, or from
13 withholding payment for an appraisal under certain circumstances; providing
14 that a certain penalty applies to a willful violation of the prohibited acts; and
15 generally relating to the regulation of mortgage loan originators.

16 BY repealing and reenacting, without amendments,
17 Article – Financial Institutions
18 Section 11–617
19 Annotated Code of Maryland
20 (2003 Replacement Volume and 2009 Supplement)

21 BY adding to
22 Article – Financial Institutions

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section 11-624
2 Annotated Code of Maryland
3 (2003 Replacement Volume and 2009 Supplement)

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
5 MARYLAND, That the Laws of Maryland read as follows:

6 **Article – Financial Institutions**

7 11-617.

8 Any person who willfully violates the provisions of this subtitle is guilty of a
9 felony and, on conviction, is subject to a fine not exceeding \$25,000 or imprisonment
10 not exceeding 5 years or both.

11 **11-624.**

12 **(A) A PERSON SUBJECT TO THIS SUBTITLE MAY NOT:**

13 **(1) MAKE A PAYMENT, THREAT, OR PROMISE, DIRECTLY OR**
14 **INDIRECTLY, TO ANOTHER PERSON FOR THE PURPOSE OF INFLUENCING ~~THE~~**
15 **~~INDEPENDENT JUDGMENT OF~~ THE PERSON TO VIOLATE ANY FEDERAL OR STATE**
16 **LAW, OR ANY STANDARD OF PROFESSIONAL PRACTICE RECOGNIZED BY THE**
17 **FEDERAL OR STATE GOVERNMENT, IN CONNECTION WITH A RESIDENTIAL**
18 **MORTGAGE LOAN; OR**

19 **(2) MAKE A PAYMENT, THREAT, OR PROMISE, DIRECTLY OR**
20 **INDIRECTLY, TO AN APPRAISER OF A PROPERTY FOR THE PURPOSE OF**
21 **INFLUENCING THE INDEPENDENT JUDGMENT OF THE APPRAISER WITH**
22 **RESPECT TO THE VALUE OF THE PROPERTY, OR ENGAGE IN ANY OTHER ACT OR**
23 **PRACTICE THAT IMPAIRS OR ATTEMPTS TO IMPAIR AN APPRAISER'S**
24 **INDEPENDENCE, OBJECTIVITY, OR IMPARTIALITY, INCLUDING:**

25 **(I) WITHHOLDING OR THREATENING TO WITHHOLD**
26 **PAYMENT FOR AN APPRAISAL WITH THE INTENT TO COERCE THE APPRAISER TO**
27 **AGREE TO A VALUE, RANGE OF VALUES, OR MINIMUM VALUE FOR THE**
28 **PROPERTY;**

29 **(II) CONDITIONING THE PAYMENT OF AN APPRAISAL FEE**
30 **ON THE OPINION, CONCLUSION, OR VALUATION TO BE REACHED BY THE**
31 **APPRAISER; OR**

32 **(III) REQUESTING THE APPRAISER TO REPORT A**
33 **PREDETERMINED OPINION, CONCLUSION, OR VALUATION.**

1 **(B) THIS SECTION DOES NOT PROHIBIT A PERSON SUBJECT TO THIS**
2 **SUBTITLE FROM:**

3 **(1) REQUESTING ANOTHER PERSON TO:**

4 **(i) CONSIDER ADDITIONAL APPROPRIATE INFORMATION;**

5 **(ii) PROVIDE ADDITIONAL DETAILS, SUBSTANTIATION, OR**
6 **EXPLANATION OF A CONCLUSION MADE BY THE OTHER PERSON; OR**

7 **(iii) CORRECT ERRORS IN AN APPRAISAL REPORT OR OTHER**
8 **MORTGAGE DOCUMENT; OR**

9 **(2) WITHHOLDING PAYMENT FOR AN APPRAISAL PENDING**
10 **RESOLUTION OF AN ACTION BEFORE A FEDERAL OR STATE COURT OR**
11 **LICENSING BOARD RELATING TO THE APPRAISAL.**

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 2010.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.